

**WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP**

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
FINANCIAL STATEMENTS
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Investment Council of Clackamas County, Inc.
dba Clackamas Workforce Partnership
Oregon City, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clackamas Workforce Partnership as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information


We have previously audited Clackamas Workforce Partnership's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of Clackamas Workforce Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clackamas Workforce Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clackamas Workforce Partnership's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
November 15, 2021

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF FINANCIAL POSITION
 June 30, 2021
 (With Comparative Totals for June 30, 2020)

	2021	2020
Assets		
Current assets		
Cash	\$ 404,470	\$ 352,995
Grants receivable	355,284	283,604
Prepaid expenses	12,217	11,777
Total assets	\$ 771,971	\$ 648,376
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 57,517	\$ 54,456
Accounts payable and accrued liabilities	506,202	196,594
Refundable advances	155,633	225,669
Total current liabilities	719,352	476,719
Loan payable	-	133,000
Total liabilities	719,352.00	609,719
Net assets		
Without donor restrictions	52,619	28,657
With donor restrictions	-	10,000
Total net assets	52,619	38,657
Total liabilities and net assets	\$ 771,971	\$ 648,376

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2021
 (With Comparative Totals for June 30, 2020)

	2021	2020
Changes in net assets without donor restrictions		
Support and revenues:		
Grants and contracts	\$ 2,769,161	\$ 2,900,692
PPP loan forgiveness	133,000	-
Other income	60,330	18,182
Total unrestricted support and revenues	2,962,491	2,918,874
Net assets released from restrictions	10,000	22,936
Total unrestricted support and revenues and reclassifications	2,972,491	2,941,810
Expenses:		
Program services:		
WIOA programs	1,661,524	1,590,029
Other programs	1,021,192	1,046,650
Support services:		
Administration	265,813	314,692
Total expenses	2,948,529	2,951,371
Increase (decrease) in net assets without donor restrictions	23,962	(9,561)
Changes in net assets with donor restrictions		
Support and revenues:		
Contributions	-	10,000
Net assets released from restrictions	(10,000)	(22,936)
Decrease in net assets with donor restrictions	(10,000)	(12,936)
Change in net assets	13,962	(22,497)
Net assets, beginning of year	38,657	61,154
Net assets, end of year	\$ 52,619	\$ 38,657

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2021
 (With Comparative Totals for June 30, 2020)

	2021				2020 Total
	Program Services		Support Services		
	WIOA Programs	Other Programs	Administration	Total	
Community investments	\$ 1,431,148	\$ 579,196	\$ 2,759	\$ 2,013,103	\$ 2,037,801
Salaries and wages	111,260	291,002	164,797	567,059	555,966
Retirement contributions	13,208	15,693	11,733	40,634	38,353
Payroll taxes	16,462	18,658	7,249	42,369	48,873
Other employee benefits	27,885	33,568	25,560	87,013	81,256
Travel and mileage	-	-	-	-	6,310
Board and staff development	-	945	-	945	954
Professional services	6,562	14,838	20,045	41,445	40,214
Participant data tracking	15,228	12,843	7,728	35,799	35,342
General office supplies	1,110	3,844	980	5,934	2,904
Expendable equipment	12,147	12,517	7,474	32,138	17,857
Meetings	-	-	-	-	4,881
Telephone	2,744	3,972	2,323	9,039	5,018
Memberships and fees	-	16,198	874	17,072	15,868
Program information and outreach	-	77	-	77	4,311
Printing	-	-	-	-	476
Liability insurance	1,371	1,844	1,393	4,608	4,244
Office rental	22,399	15,997	12,898	51,294	50,743
Total expenses	<u>\$ 1,661,524</u>	<u>\$ 1,021,192</u>	<u>\$ 265,813</u>	<u>\$ 2,948,529</u>	<u>\$ 2,951,371</u>

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 2021
 (With Comparative Totals for June 30, 2020)

	2021	2020
Cash flows from operating activities		
Cash received as revenues and public support	\$ 2,757,811	\$ 3,226,537
Cash paid to employees for wages and benefits	(734,014)	(714,446)
Cash paid for other expenses	(1,972,322)	(2,337,352)
Net cash provided by operating activities	51,475	174,739
Cash flows from financing activities		
Proceeds from PPP loan	-	133,000
Net increase in cash	51,475	307,739
Cash, beginning of year	352,995	45,256
Cash, end of year	\$ 404,470	\$ 352,995
Reconciliation of change in nets assets to net cash provided by operating activities		
Change in net assets	\$ 13,962	\$ (22,497)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
PPP loan forgiveness	(133,000)	-
(Increase) decrease in assets:		
Grants receivable	(71,680)	297,663
Prepaid expenses	(440)	2,293
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	3,061	10,002
Accounts payable and accrued liabilities	309,608	(338,391)
Refundable advances	(70,036)	225,669
Net cash provided by operating activities	\$ 51,475	\$ 174,739

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Organization

Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (CWP) develops local workforce policy, oversees local workforce development initiatives, and funds key community agencies that provide employment and training solutions for youth, adults, and laid off workers. CWP's mission is to develop a highly skilled workforce that creates sustained economic prosperity in Clackamas County, Oregon. CWP is committed to the development of a regional workforce system that is accessible, inclusive, and equitable for diverse communities and individuals. The CWP Board membership has private and public members which brings strong connections with local business and industry. All CWP efforts aim to prepare individuals for in-demand jobs that lead to solid career options and financial security.

Basis of Accounting

The financial statements of CWP have been prepared on the accrual basis of accounting. To enhance the usefulness of the financial statements to the reader, the significant accounting policies are described below.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CWP's financial statements for the year ended June 30, 2020, from which the summarized information is derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Cash

CWP holds cash in one financial institution. The accounts are insured up to certain limits by the Federal Deposit Insurance Corporation (FDIC). Balances held may periodically exceed FDIC insured limits. At June 30, 2021 and 2020, there was \$262,961 and \$191,863, respectively, in excess of FDIC insured limits.

Property and Equipment

Property and equipment with a cost of \$5,000 or more are capitalized at historical cost. Donated equipment is recorded at its fair value at the time of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from 3 to 7 years.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Accrued Paid Time Off

Paid time off is recorded as a liability and an expense when earned rather than when paid. When paid time off is taken, amounts disbursed are charged against the liability.

Net Assets

Net assets of CWP consist of the following:

Net assets without donor restrictions - Represent net assets that are not subject to donor-imposed stipulations and are available for the general obligations of CWP.

Net assets with donor restrictions - Represent net assets that are donor restricted with respect to purpose or time. When a donor restriction ends or the purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. CWP had net assets with donor restrictions of \$-0- and \$10,000 at June 30, 2021 and 2020, respectively. Amounts were restricted for CWP's operating activities.

CWP includes donor-restricted support whose restrictions are met in the same reporting period the support is received within net assets without donor restrictions.

Support, Revenues, and Receivables

The primary source of support for CWP is derived from federal Workforce Innovation and Opportunity Act (WIOA) grants passed through the state of Oregon. Revenue for these and other grants is accounted for under cost reimbursement principles and is recorded when the related program costs are incurred, subject to grant allocation limitations.

Receivables are recorded in accordance with the policies enumerated above. Management of CWP considers all amounts included in grants receivable to be collectible; therefore, no provision for uncollectible accounts has been made. Approximately 86 percent and 62 percent of CWP's grants receivable at June 30, 2021 and 2020, respectively, was due from the state of Oregon.

Refundable Advances

Refundable advances totaling \$155,633 and \$225,669 at June 30, 2021 and 2020, respectively, consists of funds received for expenditure-driven grants restricted for use in future periods by either time or other donor restrictions. The balance at June 30, 2021, relates to HOWTO funds and Youth Action Board funds received from the state of Oregon, which are expected to be earned in the year ending June 30, 2022 and are classified as current. The balance at June 30, 2020, relates to competitiveness strategies, training and work experience, and HOWTO funds received from the state of Oregon, which were earned during the year ended June 30, 2021.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Recent Accounting Standard Adopted

During the year ended June 30, 2021, CWP adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued and clarifying ASUs. Topic 606 and related ASUs supersede previous revenue recognition guidance for exchange transactions and establish a core principle requiring recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for such goods or services. CWP adopted the new standard effective July 1, 2020, using the full retrospective approach in these financial statements.

Based on CWP's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes to previously reported revenues, net assets, or changes in net assets were required as a result of the adoption of the standard and the adoption has not resulted in the recognition of additional assets or liabilities.

Nonprofit Status

CWP is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation. CWP's federal Return of Organization Exempt from Income Tax return (Form 990) for the years ended June 30, 2021 and 2020 is subject to examination by the Internal Revenue Service, generally for three years after filed.

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. CWP allocates costs between program and support activities based on a cost allocation plan. Most of CWP's operating expenses are allocated to program and support activities based on employee timecards unless the item can be specifically traced to a program related activity.

Liquidity and Availability of Resources

CWP has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2021 and 2020, CWP's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 404,470	\$ 352,995
Grants receivable	355,284	283,604
Less: net assets with donor restrictions	<u>-</u>	<u>(10,000)</u>
Financial assets available for general expenditure	<u>\$ 759,754</u>	<u>\$ 626,599</u>

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 NOTES TO FINANCIAL STATEMENTS

2. Cash

At June 30, cash consisted of the following:

	2021	2020
Demand deposits with financial institutions	\$ 404,470	\$ 352,995

3. Retirement Plan

CWP makes employer matching contributions under an arrangement described in Section 403(b) of the IRC. CWP contributes up to 8 percent of the employee's salary. Expenses under this plan for the years ended June 30, 2021 and 2020, totaled \$40,634 and \$38,353, respectively.

4. Paycheck Protection Program (PPP)

CWP applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) through the United States Small Business Administration (SBA) and issued by Citizens Bank. CWP was approved for a loan in the amount of \$133,000 in June 2020. The loan could be used to assist with payroll, rent, and other operating expenses in accordance with the provisions of the CARES Act. The loan was forgivable if the funds were used for the payment of covered expenses, primarily including expenses related to payroll, within twenty-four weeks of receipt of the loan proceeds. CWP received full forgiveness of the outstanding loan balance in February 2021 and forgiveness income is included in the statement of activities for the year ended June 30, 2021.

5. Lease Commitments

CWP leases administrative office space under an operating lease requiring monthly payments of \$3,000 that is scheduled to expire August 1, 2024.

CWP also leases additional office space under an operating lease requiring monthly payments of \$440 that is scheduled to expire July 1, 2022.

CWP leases certain office equipment under an operating lease requiring monthly payments of \$322 that will expire January 27, 2023.

At June 30, future minimum lease payments under these leases are as follows:

For the Year Ending June 30,

2022	\$	45,520
2023		38,254
2024		36,000
2025		3,000
Thereafter		-
Total	\$	122,774

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

5. Lease Commitments, continued

Total rent expense was \$51,294 and \$50,743 for the years ended June 30, 2021 and 2020, respectively.

6. Related Party Transactions

CWP has entered into grant and office space rental agreements with organizations whose management includes members of the CWP Board of Directors. Payables to these organizations totaled \$352,764 and \$94,276 at June 30, 2021 and 2020, respectively. Expenses of \$1,097,810 and \$1,548,609 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2021 and 2020, respectively.

7. Contingencies

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of CWP.

8. Economic Uncertainties

The COVID-19 coronavirus pandemic has resulted in significant economic uncertainties across the globe. CWP has not yet experienced significant disruption in its operations as a result of the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, certain economic uncertainties still exist related to the COVID-19 coronavirus pandemic. These continuing uncertainties have the potential to result in a significant impact to CWP's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

9. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

FEDERAL AWARDS SECTION

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Labor					
Passed through State of Oregon, Higher Education Coordinating Commission (HECC):					
<i>Workforce Innovation and Opportunity Act Cluster:</i>					
WIOA Adult Program	17.258	19-079A, 20-071A	\$ 768,110	\$ 329,704	\$ 234,656
WIOA Adult Program - Administration	17.258	19-079A, 20-071A	85,345	14,841	-
COVID-19 - WIOA Adult Program - Strategic Innovation	17.258	19-117B	56,438	56,438	56,438
WIOA Youth Activities	17.259	19-079A, 20-071A	889,725	377,608	335,432
WIOA Youth Activities - Administration	17.259	19-079A, 20-071A	52,012	30,296	784
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	19-079A, 20-071A	15,360	5,249	5,249
WIOA Dislocated Worker Formula Grants	17.278	19-079A, 20-071A	949,693	376,515	283,361
WIOA Dislocated Worker Formula Grants - Administration	17.278	19-079A, 20-071A	105,520	60,465	522
COVID-19 - Dislocated Worker Formula Grants - Strategic Innovation	17.278	19-117B	45,150	23,601	23,601
COVID-19 - Dislocated Worker Formula Grants - Strategic Innovation - Administration	17.278	19-117B	11,288	4,992	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	18-036, 20-071A	119,470	70,000	-
Total Workforce Innovation and Opportunity Act Cluster			3,098,111	1,349,709	940,043
<i>WIOA National Dislocated Worker Grants:</i>					
WIOA National Dislocated Worker Grants - Wildfire Recovery	17.277	20-111A	510,001	332,829	332,829
WIOA National Dislocated Worker Grants - Wildfire Recovery Administration	17.277	20-111A	56,666	28,910	-
WIOA National Dislocated Worker Grants - Disaster Recovery	17.277	20-046A	198,788	48,132	48,132
WIOA National Dislocated Worker Grants - Disaster Recovery Administration	17.277	20-046A	22,087	13,862	-
WIOA National Dislocated Worker Grants - Employment Recovery	17.277	20-038A	198,788	41,450	41,450
WIOA National Dislocated Worker Grants - Employment Recovery Administration	17.277	20-038A	22,087	13,409	-
Total WIOA National Dislocated Worker Grants			1,008,417	478,592	422,411
Total passed through State of Oregon, HECC			4,106,528	1,828,301	1,362,454

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
Passed through Worksystems, Inc.:					
<i>H-1B Job Training Grants:</i>					
H-1B Job Training Grants - Northwest Promise	17.268	16-60550	1,030,578	156,094	119,261
H-1B Job Training Grants - Northwest Promise Administration	17.268	16-60550	<u>114,509</u>	<u>8,236</u>	<u>-</u>
Total passed through Worksystems, Inc.			<u>1,145,087</u>	<u>164,330</u>	<u>119,261</u>
Passed through Clackamas Community College:					
<i>H-1B Job Training Grants:</i>					
H-1B Job Training Grants - Tech Hire	17.268	n/a	<u>158,300</u>	<u>47,871</u>	<u>-</u>
Total U.S. Department of Labor			5,409,915	2,040,502	1,481,715
Total expenditures of federal awards			<u>\$ 5,409,915</u>	<u>\$ 2,040,502</u>	<u>\$ 1,481,715</u>

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CWP under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Grants are organized by federal department or agency and identified by the 2021 Assistance Listing Number (ALN).

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The Uniform Guidance establishes criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance Subpart F 200.518. Programs with similar requirements may be grouped into a cluster for testing purposes.

3. Indirect Cost Rate

CWP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Insurance

CWP had insurance in force during the year ended June 30, 2021, as recommended by its insurance agent.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Workforce Investment Council of Clackamas County, Inc.
dba Clackamas Workforce Partnership
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clackamas Workforce Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clackamas Workforce Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Clackamas Workforce Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

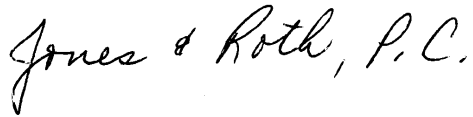
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clackamas Workforce Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.
Eugene, Oregon
November 15, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Workforce Investment Council of Clackamas County, Inc.
dba Clackamas Workforce Partnership
Oregon City, Oregon

Report on Compliance for Each Major Federal Program

We have audited Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's (Clackamas Workforce Partnership) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clackamas Workforce Partnership's major federal programs for the year ended June 30, 2021. Clackamas Workforce Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clackamas Workforce Partnership's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clackamas Workforce Partnership's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clackamas Workforce Partnership's compliance.

Opinion on Each Major Federal Program

In our opinion, Clackamas Workforce Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Clackamas Workforce Partnership is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clackamas Workforce Partnership's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clackamas Workforce Partnership's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jones & Roth, P.C.
Eugene, Oregon
November 15, 2021

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Summary of Auditor's Results

- (i) The independent auditor's report expresses an unmodified opinion on whether the financial statements of CWP were prepared in accordance with GAAP.
- (ii) Not applicable.
- (iii) No instances of noncompliance material to the financial statements of CWP, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (iv) Not applicable.
- (v) The independent auditor's report on compliance for the major federal award programs for CWP expresses an unmodified opinion on the major federal programs.
- (vi) The audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
- (vii) Program tested as a major program was:
 - Assistance Listing #17.277 – WIOA National Dislocated Worker Grants
- (viii) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- (ix) CWP was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Prior Year Findings

None.